Performance Management (Quality Assurance) The Move to Insight

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Performance Management Over View

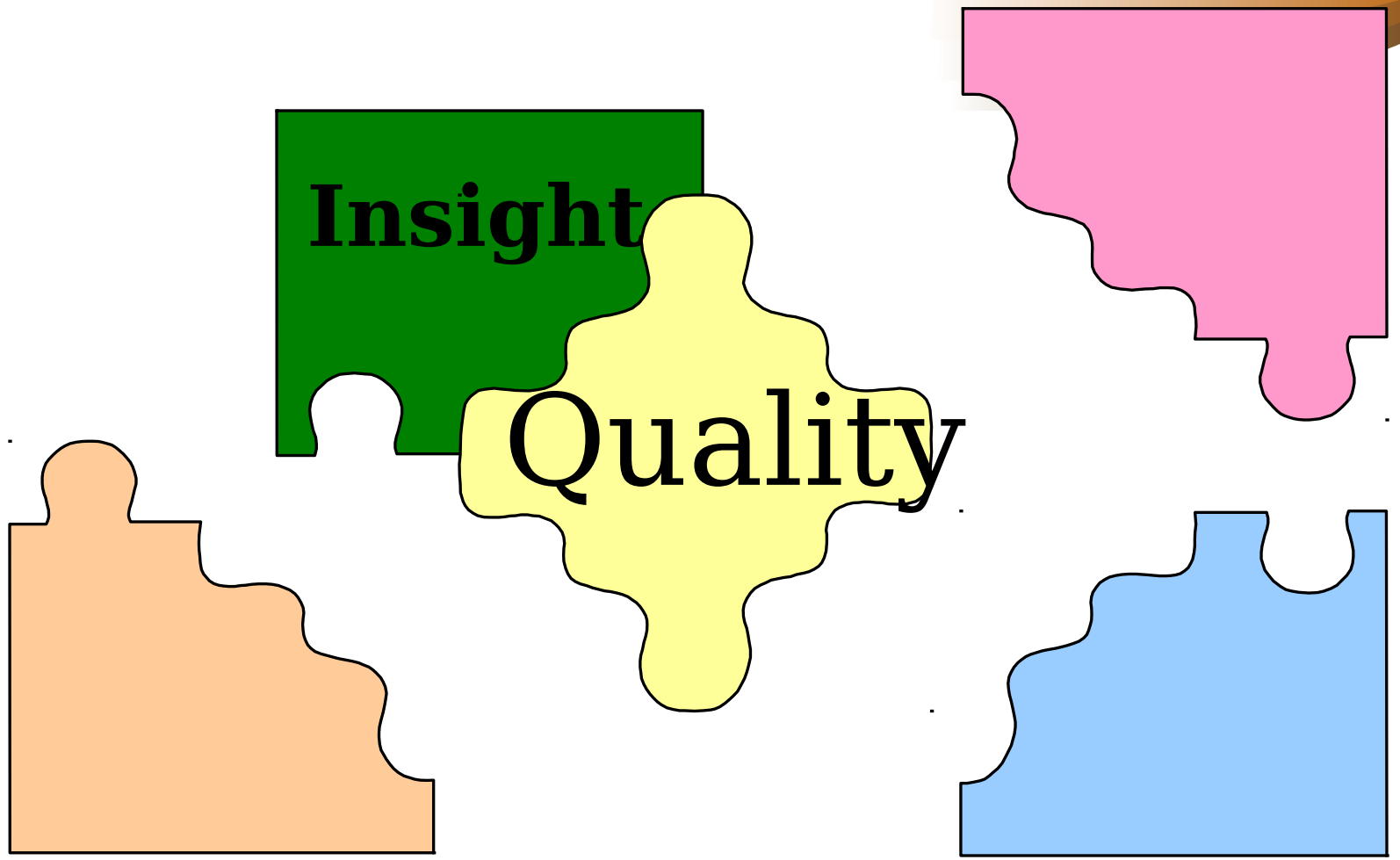
You Might Need This Training If:

- You think **insight** is an elk in your cross hairs
- You think **oversight** means you don’t need eye glasses
- You think **commercial** is what interrupts your favorite TV show
- You think **past performance** is an old movie
- **Your boss said so!**

AFI 63-124 Culture Changes in Performance Management

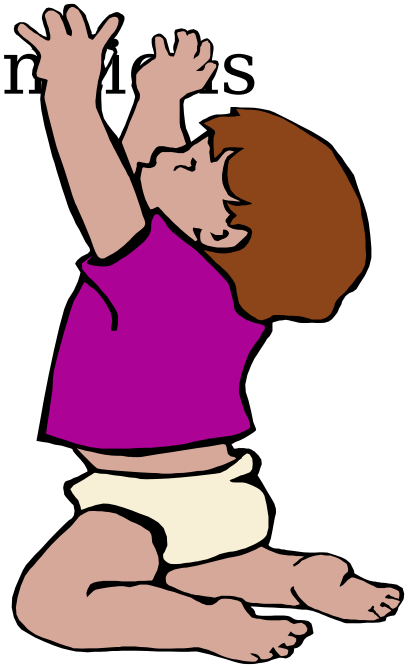
- AFSPC has had two QA programs for service contracts, “operational” and “specialized”
- Goal is a single policy that uses best QA approach for each requirement
- “QA personnel” includes QASs and QAEs
- The implementation of a formal DoD Past Performance Information (PPI) database

Performance Management
Putting It All Together



Insight

- What is it?
  - Confusing
  - Many interpretations/definitions
  - Evolving
- Where are we? Young!



Perceptions About Insight

- Insight is what you do when you take a 50% manpower cut
- We tend to do a diluted form of oversight and call it insight
- There is a different definition of “insight” for each program and organization
- AF inherently assumes more risk if we shift to insight
- Business as usual - The AF just calls it Insight instead of Oversight

Perceptions About Insight

- Oversight

  In-process and end-item inspections and document reviews aimed at detecting problems, performed on-site by a customer (or agent thereof)

- Insight

  A customer's (or agent thereof) risk-based understanding, validation, and surveillance of a supplier's management systems and process performance metrics to assure product quality and contract compliance

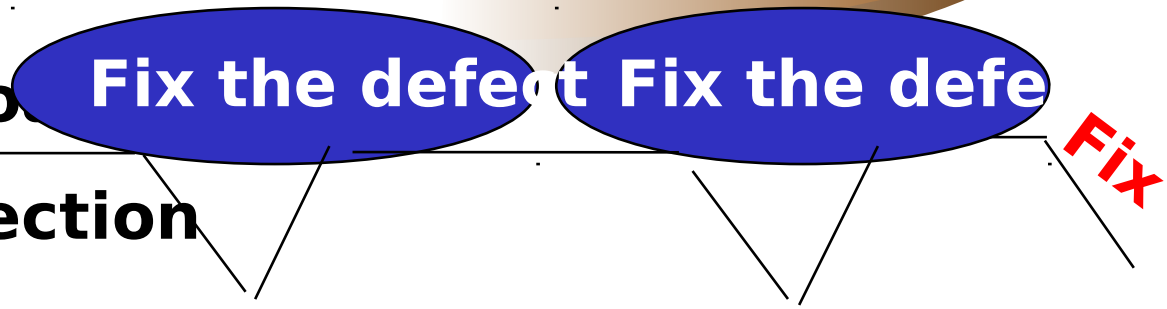
Why Insight ?

- The Beginning: Acquisition Reform
  - Secretary of Defense Perry Initiative
    - Remove military specs and stds
    - Use commercial specs and stds
    - Reduce direct oversight
- Recognize Contractor Ability
- Recognize Contractor Responsibility
  - Shift programmatic responsibility for mission execution and success to the contractor

Oversight vs. Insight

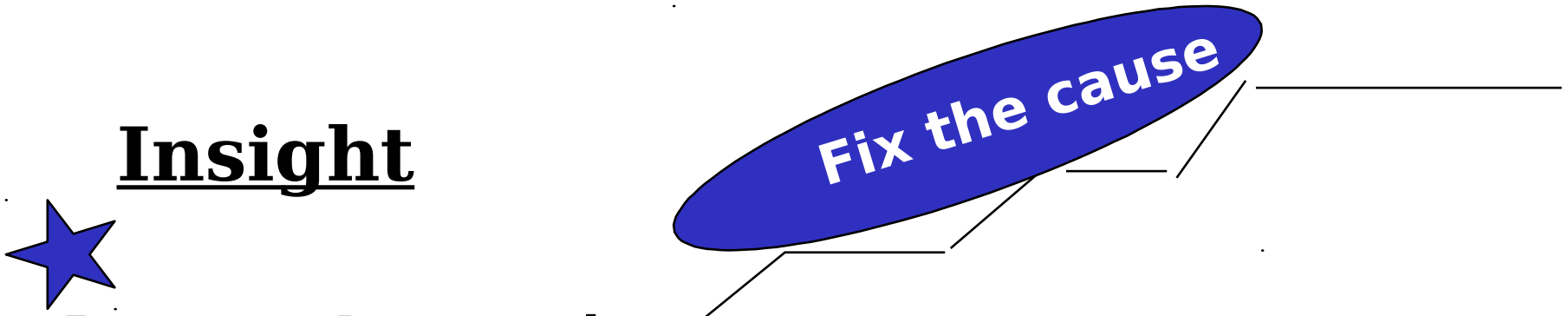
Oversight

Traditional Appro



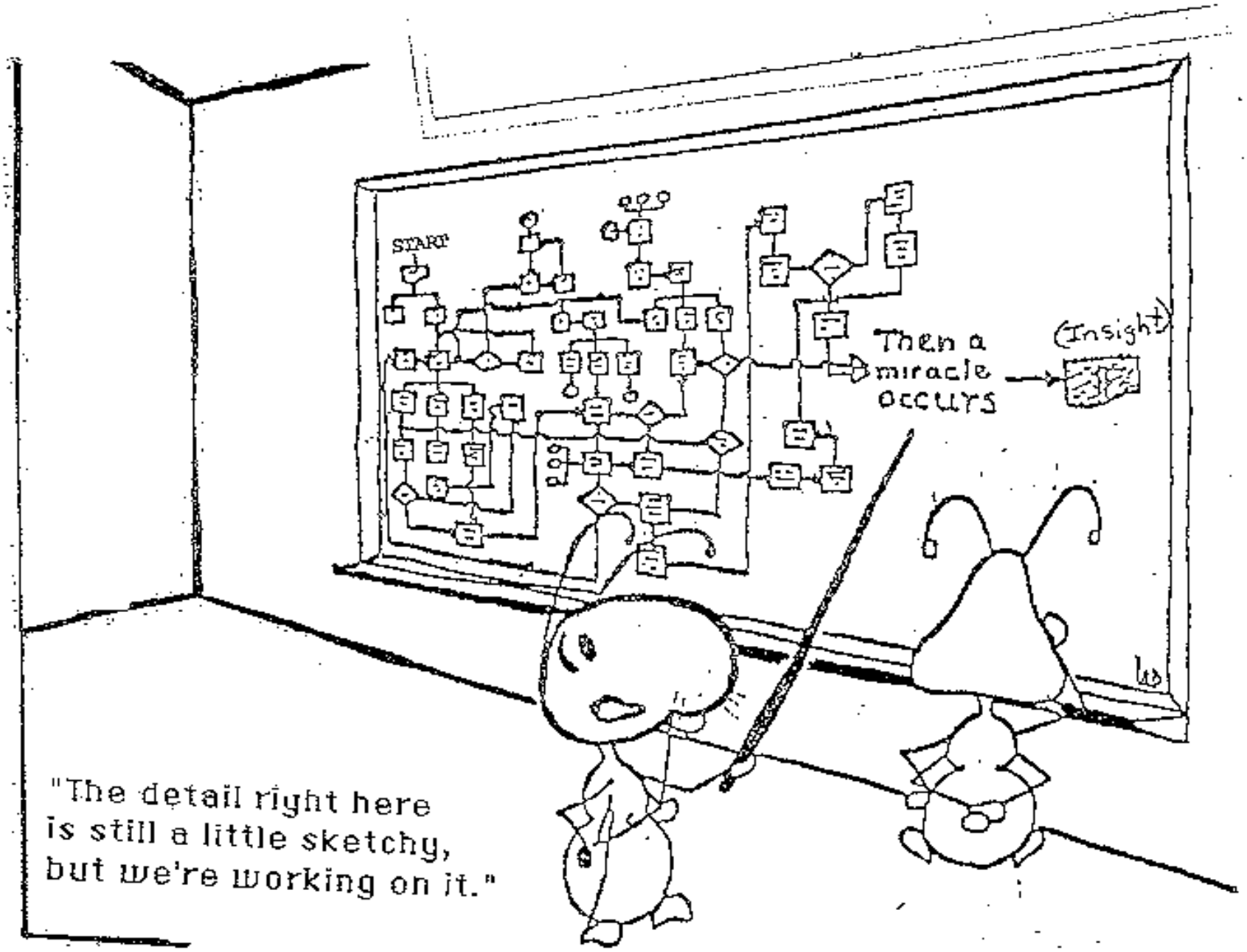
Detection & Correction

Insight



Process Approach

Prevention & Improvement


START
Then a miracle occurs
(Insight)
"The detail right here is still a little sketchy, but we're working on it."

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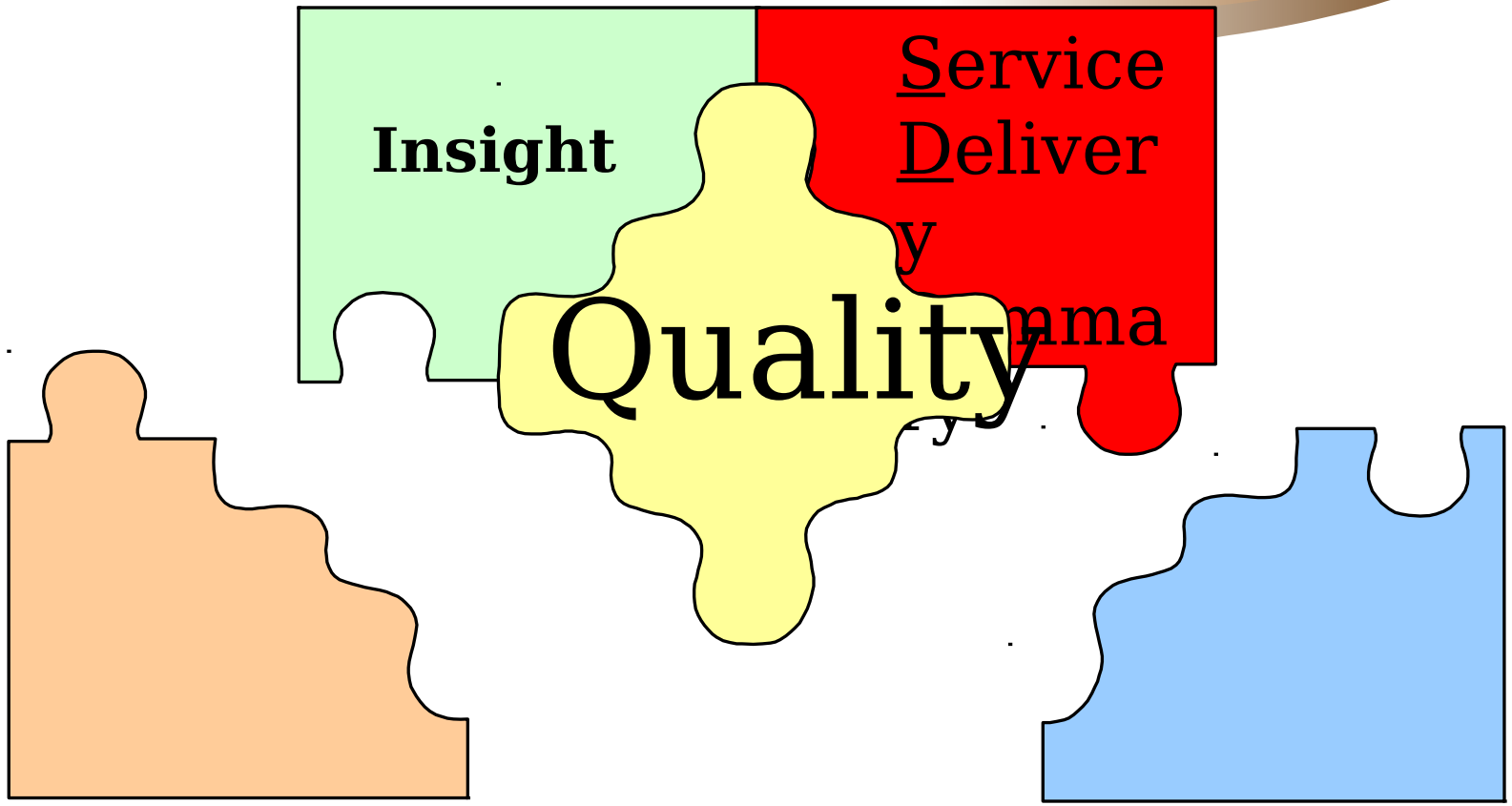
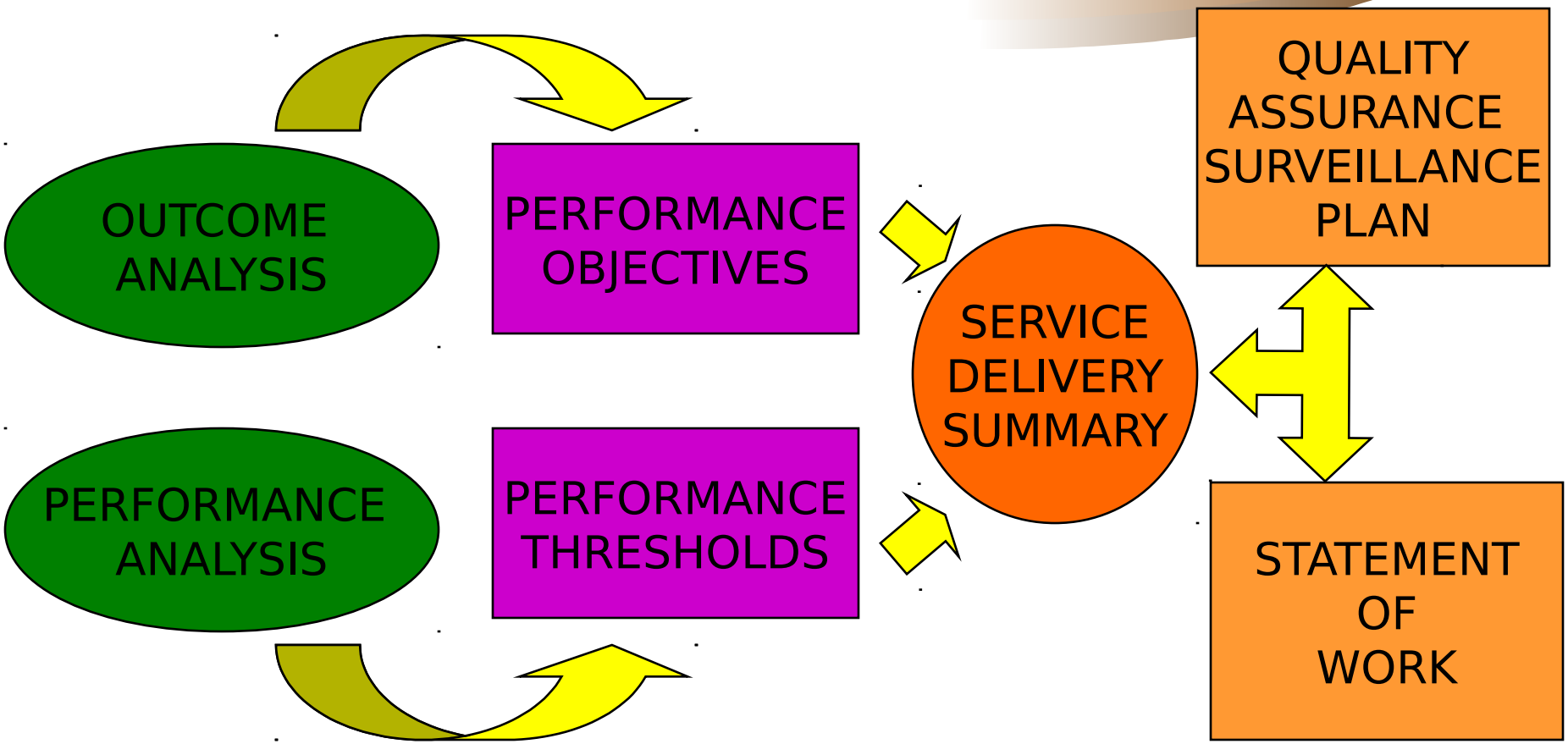
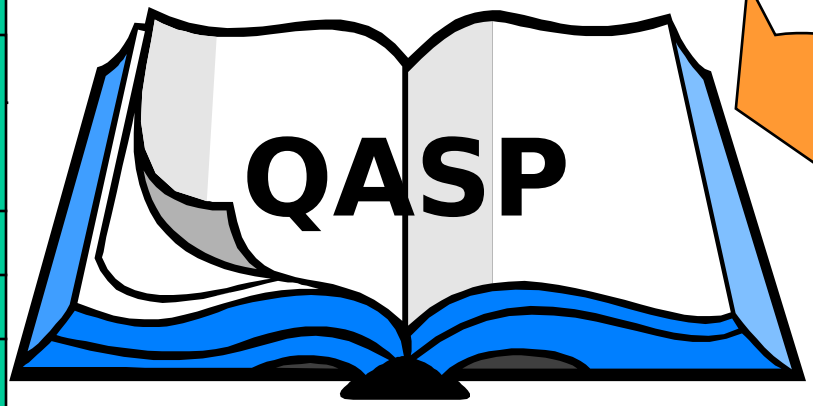


PBSC Process



Service Delivery Summary QASP

Service Delivery	
Performance	**Performance**
Objective	**Threshold**



Method of Surveillance

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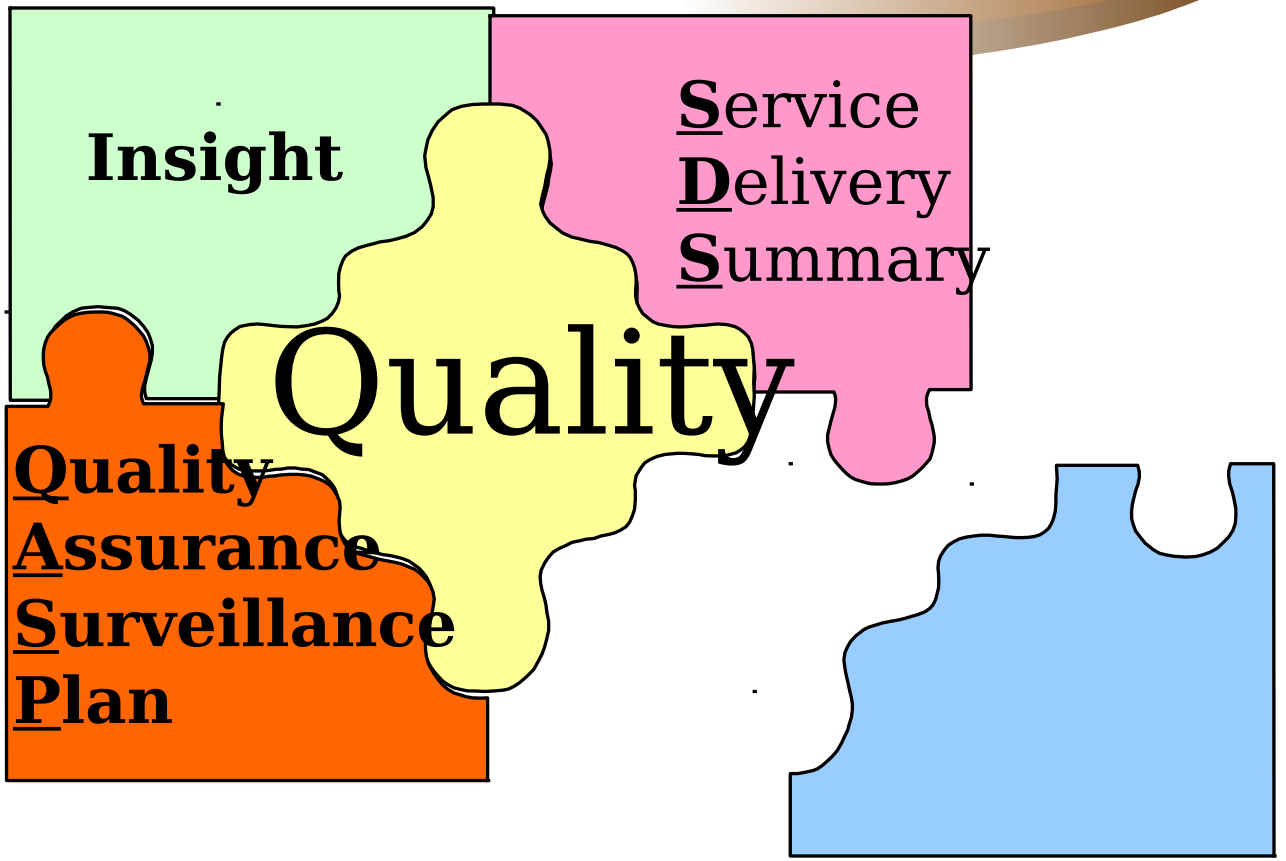

Manage Your Risk Not Your Contractor!

- Practice Insight not Oversight
- Shift responsibility for quality of services from government to contractor
- Contractor Quality System is validated not duplicated
  - Requires minimal resources commensurate with acceptable risk

Inspection of Services Clause

- Required to be on every contract
- Right to inspect anytime, any where
- Requires contractor to provide an inspection system
  - Contractor shall have records of inspections available to the Government
- Contractor shall re-perform deficient services

Commercial Items

- Inspection/Acceptance (FAR 52.212-4)
  - Contractor shall only tender for acceptance conforming items
  - Government reserves right to inspect services tendered for acceptance (AFI 63-124 requires some form of surveillance)
  - Government may require re-performance of nonconforming services

Quality Assurance Surveillance Plan

Not a Contractual Item!

- What we inspect, When we inspect,

How we inspect

It is our choice!

Rules

No Rules?

- Rules
  - We have to have a plan
  - We have to follow the plan
  - We have to have a record of our inspections and any corrective actions taken as a result of our inspections
- BUT! …. It is our plan!
  - We Don’t Have To Do Anything Stupid

Surveillance Plans

- Developed by the BRAG with the SOW and performance thresholds (standards)
- Who does what, when
- Similar to industry/commercial practices reflecting market research
- Tailored to requirement (risk management tool)

Risk / Surveillance Continuu

Mission Risk	Confidence in Contractor Quality System		
	Excellent	Good	Poor
High Risk	**educed Surveillan** ecrease the number cheduled assessmen	**Normal Surveilla** Continue standard assessment activitie	**Tightened Surveillance** Increase the number of scheduled assessments
Medium Risk	Reduced Surveillance	Reduced Surveillance	Tightened Surveillance
Low Risk	Minimum Surveillance Required	Minimum Surveillance Required	Maintenance Surveillance

Level of Surveillance

- Start with the right level for the requirement
- Sometimes more frequent at start until confidence is gained
- Surveillance plans should be reviewed for adjustments by BRAG throughout the life of the contract

Who Does What, Where, When

- QASP
  - Performance Objectives, Performance Thresholds, plus Method of Surveillance

Performance Objective	**SOW para.**	**Performance Threshold**
Prepare food IAW recipe cards	I.3.c.	95% of menu items/meal period

Method of Surveillance: QAE will verify weekly, during one meal period, 100% of the food prepared and served. The QAE will vary meal periods from week to week. QAE will verify that contractor generated metrics accurately reflect inspection results.

Who Does What, Where, When

- QASP
  - Performance Objectives, Performance Thresholds, plus Method of Surveillance

Performance Objective	**SOW para.**	**Performance Threshold**
Turn all monies collected within three working days of reconciliation	I.3.c.	95% of the time annually

Method of Surveillance: QAE will review contractor generated metrics and verify that the performance threshold is maintained.

More examples

- **Task -** Safety program
- **Objective -** Establish, implement, and maintain a comprehensive safety, program that meets the current requirements of federal law
- **Threshold -** No OSHA reportable violations resulting from contractor action or inaction
- **Threshold -** Mishap frequency and severity rate shall not exceed the base three year average
- **Surveillance Methods -** contractor metrics (validated by OSHA and mishap reports)

More examples

- **Task** - Provide network help desk
- **Objective** - Timely and efficient service
- **Threshold** - 75% of technical support questions resolved within eight working hours, the remaining 25% of technical support calls resolved within 24 working hours.
- **Surveillance method** - contractor metric (validated by periodic audit of help desk logs)

More examples

- **Task** - Family housing maintenance
- **Objective** - Provide maintenance and repair services to family housing at XYZ AFB
- **Threshold** - No more than 5 valid customer complaints regarding responding to and accomplishment of planned and non-planned work orders shall be received per month.
- **Method of surveillance** - customer complaint

Surveillance Plans

- A draft QASP is provided to the contractors as part of the solicitation but not as a part of the resulting contract
- Open Communication
  - Listen to contractor (functional expert)
  - Apply good ideas
  - Opportunity to foster that “Partnering” environment

Assuring the "Whole"

Methods of Surveillance

- Audit of Contractor Provided QA
  - Require strict adherence to QC Plan - Know it … Check it … Don't Ignore it!
- Periodic Inspection
- Customer Feedback
- Metrics - Not ours … Theirs!

Periodic Inspection

- Flexible
- Can provide more confidence than other methods
- Results from a few inspections can be used to validate the whole:
  - contractor provided metrics
  - contractor inspection records
  - contractor inspection proficiency

CUSTOMER FEEDBACK

- Critical that customers be provided education of contract expectations!!
- Can contract for contractor to administer program

METRICS

- Provide periodic status of contractor performance
  - Must be Accurate
  - Must be Meaningful
- Once validated (see Periodic Inspection) provide more insight than an army of QAE’s!

QASP Examples

- Cellular phone service for Peterson AFB
  - Commercial success story
  - Resulted in a purchase of commercial air time and a validation that the product was acquired
- Logistics Data Technical Order Library is a bridge approach (AFM64-108 exemptions)
  - Periodic surveillance of contractor Quality Control
  - Customer Feedback

QASP Examples

- AFSPC Library Services
  - New management information system (MIS) will allow centralized surveillance

- Mess Attendant Services for PAFB/CMAS
  - Developed using AFI63-124
  - Utilizes validation of metrics and QC program by periodic inspection

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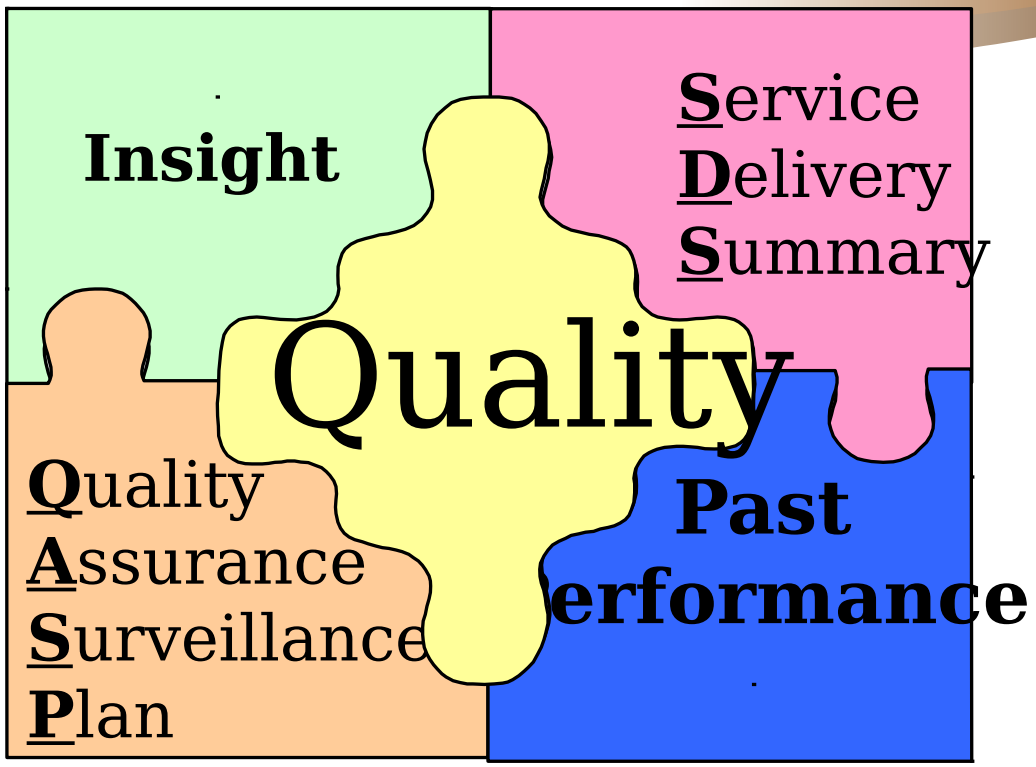

Past Performance

- Effective use of past performance is an inherent part of performance management
  - Past performance influences acquisition strategy
  - Contractor's past performance record is a key indicator for predicting future performance
  - Assessment and feedback of contractor performance is an essential part of quality assurance

Past Performance

- Collect information on all service contracts over $1 million

- Evaluate past performance in source selections over $1 million

Contractor Report Card

PAST PERFORMANCE

RATING	AREA
A - Exceptional	Business Relations
B - Very Good	Management of Key Personnel
C - Satisfactory	Schedule
D - Marginal	Cost Control
F - Unsatisfactory	Quality of Service

Assessment Elements (Areas)

- **Quality of Product or Service** - Assess the contractor's conformance to contract requirements, specifications and standards of good workmanship

Assessment Elements (Areas)

- **Schedule** - Assess the timeliness of the contractor against the completion of the contract, task orders, milestones, delivery schedules, administrative requirements.

Assessment Elements (Areas)

- **Cost Control** - Assess the contractor's effectiveness in forecasting, managing, and controlling contract cost

Assessment Elements (Areas)

- **<u>Mgmt of Key Personnel</u>** - Assess the contractor's performance in selecting, retaining, supporting and replacing, when necessary, key personnel.

Assessment Elements (Areas)

- **<u>Business Relations</u>** - Assess the … timeliness, completeness and quality of **problem identification**, **corrective action** plans, proposal submittals, … **reasonable and cooperative behavior**, **customer satisfaction**, management of subcontracts and achievement of socio-economic goals.

Performance Assessment

- Team effort - BRAG
- Consistent with and built upon periodic QA reports and documentation
- Consistent with any award fee determinations
- Requires contractor review and feedback
- Fair and verifiable

Before Award

- Look at past performance information during market research to determine:
  - Quality you can expect
  - Commercial performance standards and methods of acceptance
  - Explore best surveillance methods given specific requirements and resources available

Before Award

- Determine role of past performance in acquisition strategy
  - Price performance trade-off
  - Source selection evaluation criteria
  - Relative importance
  - Method of obtaining past performance information

During Contract

- Contractor Performance Assessment Report
  - Communication tool
  - Incentive to improve contractor performance
- Past performance may determine whether to exercise contract options
- Decide who gets delivery order on multiple award contracts

Other Incentives

- Award Fee
- Incentive fee
  - Cost savings
  - Cost conditioned on performance
- Small Business Subcontracting goals

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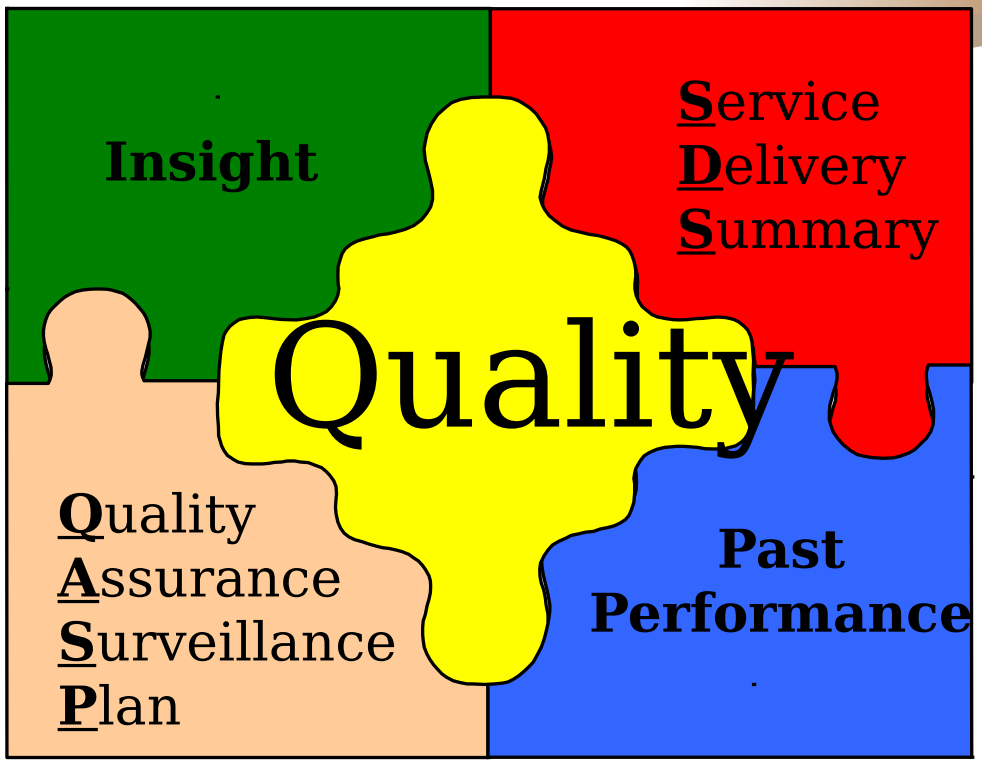


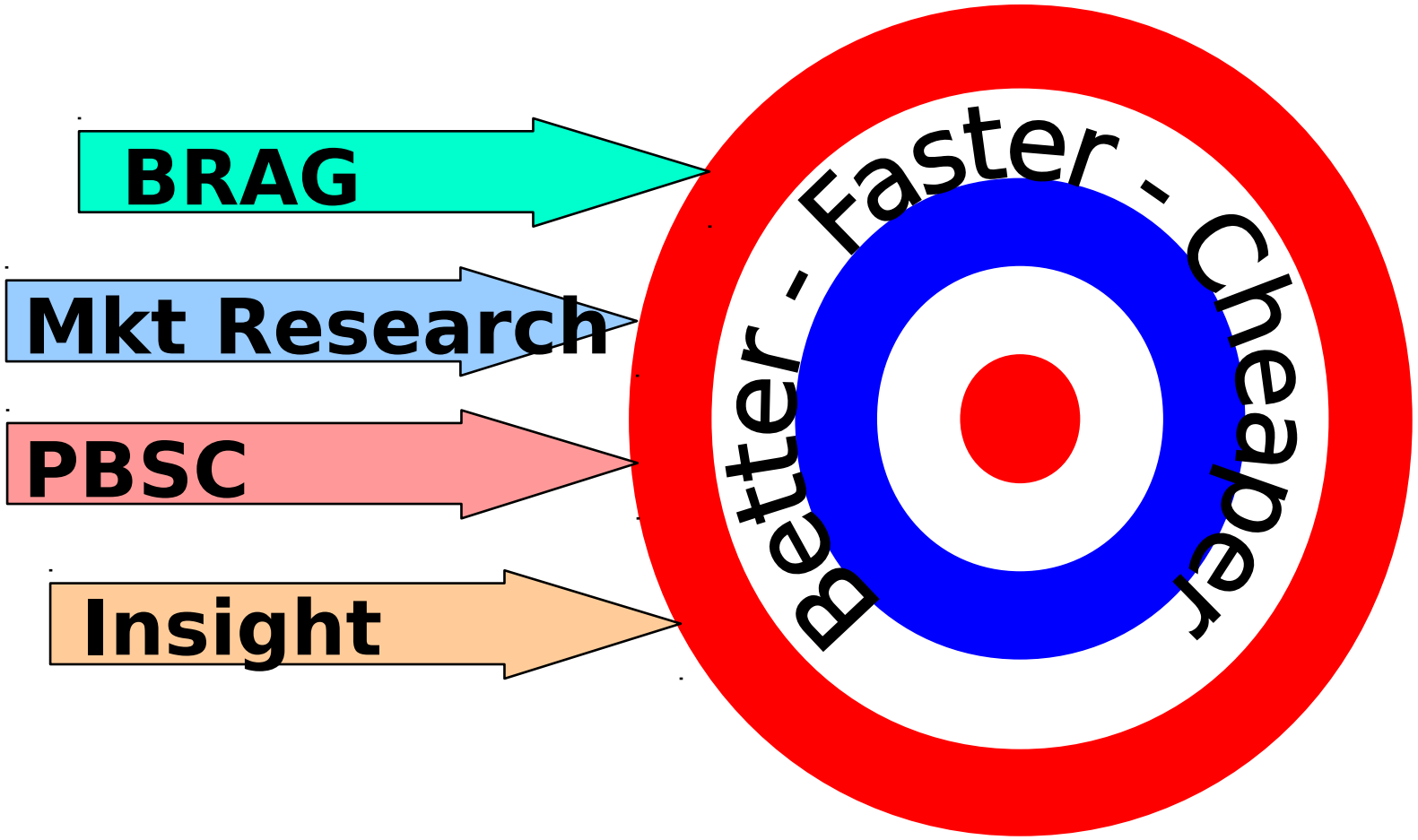
Characteristics of a Good Insight System

- Measurable requirements displayed by meaningful accurate metrics
- Promotes partnership
  - Open communication
  - Adjusted to actual performance
  - Similar to industry/commercial practices
  - Provides confidence of the whole
- Capitalizes on QAS and QAE Functions

Opportunities for Streamlining

- Take Advantage of Contractor Databases
- On-line Customer Support Programs
- Centralized Quality Management Office
  - Mobile QA
  - Functional Quality Audits Management

AFI 63-124 HITS THE TARGET



Implement AFI 63-124 Now

- Form BRAGs for new & existing service contracts
- Use AFI 63-124 for new solicitations
- Begin reacquisitions earlier
- Convert existing contracts when it makes sense

Reference Site

www.spacecom.af.mil/HQAFSPC/contracting

click on “AFI 63-124 (PBSC)”